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ARIZONA CORPORATION COMMISSION  
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Attorneys for Payson Water Company

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE FORMAL  
COMPLAINT OF STEPHEN GEHRING,

Complainant,

v.

PAYSON WATER CO., INC.,

Respondent.

DOCKET NO. W-03514A-10-0329

**STATUS REPORT**

Arizona Corporation Commission

**DOCKETED**

FEB 22 2011

DOCKETED BY

Pursuant to its December 22, 2010 status report filed in the above-captioned matter, Payson Water Co., Inc. hereby submits an updated Status Report on settlement discussions with Complainant Stephen Gehring. Payson Water has sent a letter of apology, attached hereto as Exhibit A, to Mr. Gehring for his consideration. Upon Mr. Gehring's written acceptance of the letter, Payson Water will file a Joint Notice of Settlement on behalf of the parties outlining the terms for the withdrawal of Mr. Gehring's complaint. Payson Water suggests that unless a Joint Notice of Settlement is filed within the next 60 days, that a procedural conference be held to determine how the parties shall proceed in this matter.

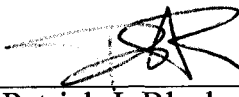
...

...

1 RESPECTFULLY SUBMITTED this 22<sup>nd</sup> day of February, 2011.

2 FENNEMORE CRAIG, P.C.

3  
4 By

  
Patrick J. Black  
Attorneys for Payson Water Company,  
Inc.

5  
6  
7 **ORIGINAL** and 13 copies filed this  
8 22<sup>nd</sup> day of February, 2011, with:

9 Docket Control  
10 Arizona Corporation Commission  
11 1200 West Washington Street  
12 Phoenix, Arizona 85007

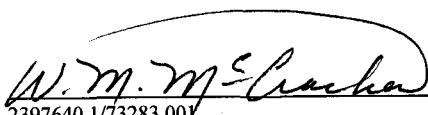
13 **COPY** of the foregoing hand-delivered  
14 this 22<sup>nd</sup> day of February, 2011 to:

15 Steve Olea, Director  
16 Utilities Division  
17 Arizona Corporation Commission  
18 1200 West Washington Street  
19 Phoenix, Arizona 85007

20 Dwight Nodes, Chief Assistant Administrative Law Judge  
21 Hearing Division  
22 Arizona Corporation Commission  
23 1200 West Washington Street  
24 Phoenix, Arizona 85007

25 **COPY** of the foregoing mailed  
26 this 22<sup>nd</sup> day of February, 2011 to:

J. Stephen Gehring  
8157 W. Dead Eye Road  
Payson, Arizona 85541

  
2397640.1/73283.001

# **EXHIBIT A**



ROBERT T. HARDCASTLE  
(781) 823-3070 Fax  
[RT11@brookeutilities.com](mailto:RT11@brookeutilities.com)

February 21, 2011

Mr. J. Stephen Gehring  
8157 W. Deadeye Rd.  
Payson, Arizona 85541

Re: ACC Complaint; Docket No. W-03514A-10-0329

Dear Mr. Gehring:

I would like to take this opportunity to write you this letter of apology for allowing this matter to result in your filing a complaint with the Arizona Corporation Commission ("ACC").

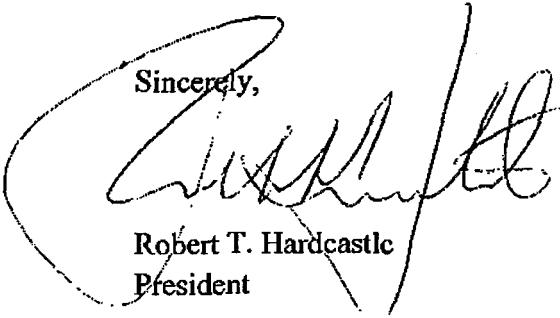
As you might be aware, all private water companies are required by the ACC to have a Curtailment Tariff in place in order to deal with water shortages in a manner that seeks to protect all customers. One of the primary tools in enforcing any curtailment plan is the assessment of reconnection fees in the event water is turned off because of continued violations.

It is not our practice to harass or intimidate our customers, and while reasonable minds might differ on the appropriateness of efforts to enforce the curtailment plan, you – a customer – felt harassed and intimidated by one or more Payson Water Company employees. The company apologizes for this, and shall endeavor to ensure that all future dealings between you and the company over water use shall be conducted in a manner that does not leave you with any impressions of harassment or intimidation. As you might imagine, the issue of water supply in the Mesa del Caballo system is at the forefront of everyone's mind, yet the company is working with residents to address this issue proactively. There has been cooperative dialogue on this, and I believe that we can have similar dealings to address your specific issues.

Pursuant to your December 20, 2010 letter, I am prepared to forward a check in the full refund amount upon the acceptance of this apology either directly or through counsel. Accordingly, I have also enclosed a draft Stipulation that withdraws the complaint you filed referenced above. Please return a signed copy to my attorney, Patrick J. Black at Fennemore Craig, so that he can make the required filing with the ACC.

Thank you for your time and consideration in this matter. I am confident that we can move forward from this incident and work cooperatively to address any concerns over the provision of water utility service to you and your neighbors.

Sincerely,



Robert T. Hardcastle  
President

Ec: RTH correspondence file  
Patrick Black, Esq